

Hungary acts over crisis in health

By Virginia Marsh in Budapest

Steps to ease Hungary's healthcare crisis were taken in parliament yesterday as MPs discussed legislation to tighten control over the semi-independent and financially-strapped social security authorities.

Two welfare ministers in 18 months have proffered their resignations. And last week, the cabinet had to approve emergency financing to keep indebted hospitals supplied with basic products such as blood plasma.

The deficits of the two funds which administer the national health and pensions systems rocketed to Ft56bn (\$360m) in the first eight months of the year, more than three times the full year target of Ft17.5bn set out in the budget and in Hungary's stand-by agreement with the International Monetary Fund.

At present the government has little control over the funds' spending. The proposed legislation would give it more say in their management, would reduce their ability to block government decisions and would impose greater financial stringency.

Welfare and health are among the few areas of reform where progress has been disappointing in the past 18 months. The country's economic prospects have improved dramatically since a radical austerity package, slashing government spending and devaluing the forint, was introduced in March 1995 and the Socialist-led government went ahead with several large scale privatisations.

Standard and Poor's, the US rating agency which last month gave Hungary an investment grade rating for the first time, expects the current account deficit to fall to \$1.8bn this year from \$4bn in 1994, and the general government deficit to fall to 4 per cent of gross domestic product from 8.4 per cent two years ago.

But growth remains well below those elsewhere in the former East bloc, in part because of the heavy taxes and large social security contributions needed to finance welfare and the public sector. GDP is not expected to increase by more than 2 per cent this year or next.

While the planned legislation may keep health spending under tighter control, analysts remain concerned at the lack of a long-term term strategy for the sector.

The welfare ministry has come under increasing attack for resisting cuts without coming up with sufficient reform initiatives of its own.

According to the World Health Organisation, Hungary spends 6.9 per cent of GDP on health, compared to an average of 5.9 per cent in central Europe, but has some of the region's worst health indicators and mortality rates.

With elections due in 1998, pressure is mounting on the government, both from the public and from within the governing Socialist party, to improve healthcare to offset last year's austerity measures which were deeply unpopular and led to sharp falls in real incomes.

The health crisis, the latest ministerial threat to resign, and a scandal over illegal privatisation payments have also led to rumblings in the Socialist party about whether Mr Gyula Horn, the prime minister, is the best person to lead it into the elections.

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Ruiz-Mateos before troubles began in the early 1980s

Spain set to abandon Ruiz-Mateos case

By David White in Madrid

After almost 14 years of attempts to bring the one-time head of the Spanish Rumasa business empire to trial, and the spending of at least Ptas90bn (\$5.4bn) of public money to refight his former companies, it now looks as if the case against him will be dropped.

The prosecutor in the case against Mr José María Ruiz-Mateos has recommended putting a stop to proceedings due to open in a fortnight, arguing that the specific charges have no validity in Spain's new criminal code, which came

into force earlier this year.

A final decision rests with the director of public prosecutions, but it seems the mercurial 65-year-old has staved off what he always argued was a legal "pantomime".

Mr Ruiz-Mateos built up Rumasa in 29 years from a sherry trader into Spain's largest private conglomerate, with activities including stores, wine, insurance, shipping, construction and banks.

It was expropriated in February 1983 in a dramatic gesture by the newly elected Socialist government after failing to gain access to its accounts. An audit by Arthur

Andersen found the group had a negative net worth of Ptas257bn. Its companies were subsequently sold off piecemeal.

Efforts to bring the former owner to trial over alleged irregularities were jinxed from the start when Mr Ruiz-Mateos fled to the UK, which at the time had no extradition arrangements with Spain. However, in April 1984 he was arrested at Frankfurt airport on an international warrant. The following year a court in Hesse approved his extradition, and Mr Ruiz-Mateos was whisked back to Spain on a chartered jet.

A trial was scheduled for March 1989, but his lawyers managed to delay it until the summer, when he was elected as an MEP. That meant the case had to go up to the supreme court. In 1994 Mr Ruiz-Mateos lost his seat and the case went back to the national court.

Prosecutors were seeking a 12-year jail sentence on two charges of falsifying accounts in the holding company and banks, relating to alleged fictitious loans and the evaluation of assets. These were the only grounds admitted by the German court for his extradition. Other initial charges of currency

smuggling, social security fraud and misappropriation of money owed in tax could not be pressed.

Mr Ruiz-Mateos has in the meantime rebuilt an international business empire with interests in food, construction, property and hotels. Although Spain's constitutional court decided 10 years ago that the government was within its rights in expropriating Rumasa, he has continued a relentless campaign for redress. Holidaymakers on Spanish beaches this summer were treated to the sight of a yellow aircraft trailing a banner which read: "Rumasa - 14 years".

French youth rediscovers an old way of learning

Apprenticeships are enjoying a small renaissance, writes David Buchan in Paris

Amid all the gloom about France's record unemployment rate - 12.6 per cent in September and forecast to rise further this autumn - the country's apprenticeship schemes provide a ray of hope.

But while a record 21,600 young people signed up to such schemes in September, it is still just a small ray of hope. France has only 300,000 apprentices, compared with 1.6m in Germany.

One of the reasons of this hope is the Aforp centre, the professional training scheme run by metalworking industries in the Paris region. The Aforp centres were founded

in 1961 largely to teach North African immigrants, then flooding in to work in fast growing French industries, how to read and write. Only in the past few years have they taken on new importance, and gained substantial government backing, as a means of redressing the mismatch between what French schools give the young and what French industry wants from them.

Recruitment at the five centres around Paris has leapt 33 per cent in the past

two years to 1,700. Aforp's director, Mr Arnaud Frémond, says 80 per cent of his young charges end up with a professional qualification and 65-90 per cent of them get a job. This is a far higher success rate than in the country as a whole, where one out of four youths below the age of 25 is jobless.

"We achieve this with pupils who were not the best to begin with and who would probably have failed had they stayed in ordinary schools," says Mr Frémond.

Most of the 15- to 16-year-olds who come to the Aforp scheme have had some problems to do with application or discipline at their regular state school.

But once at Aforp, the apprentices have plenty to motivate them. They benefit from what Mr Frémond calls an "inductive" approach to learning, alternate weeks of technical training at Aforp and factory experience at their sponsoring companies. They receive a small salary rising from 25 per cent of the

minimum wage for a 16-year-old to 75 per cent for a 21-year-old, as well as a wide range of marketable job skills. Last week, for instance, Mr Gilles Chaveau, a former Dassault engineer who helped develop the Rafale fighter and who now teaches at Drancy, was showing Andre Steve, a lanky apprentice, how to make plastic shapes which he puts to use when he works every other week for Eurodymey.

But the biggest handicap, says Mr Frémond, is the image of the apprenticeship in France as something suitable only for garage mechanics, or at least the "slow stream" of the country's youth.

The 1789 revolution threw out the ancient system of corporate guild training of apprentices in favour of a universal, generalist education for all. Only in 1919 were apprenticeships reintroduced, and only in the past few years have they

"become more honourable", explains the Aforp director. It is now possible to get a university-level engineering degree by apprenticeship.

The pace at which apprenticeships can be expanded is inevitably limited by the willingness - not great in the current climate of economic stagnation - of companies to sponsor apprentices. But the recent growth in apprenticeships shows in a modest way how France is at least adopting a more German approach to industrial training. All the more important if it is shortly to lock itself into monetary union with its eastern neighbour.

Madrid marches further into Nato

By David White

In a rare example of co-operation, Spain's governing centre-right Popular party and the opposition Socialists have agreed on a joint position to be put to parliament today in a two-day debate on the country's full integration into a new look Nato.

Backing from the Socialists, who in the early 1980s opposed joining the alliance in the first place, guarantees the support of about 90 per cent of parliament for change, under which Spain will join the new-style, military set-up as a full participant.

The Communist-led United Left, yesterday accused the main parties of mounting "a Nato pincer movement". It argues that military integration flouts the terms of the referendum which confirmed Spain's membership of the alliance 10 years ago.

That referendum, called after the Socialists changed their mind about Nato, stipulated that Spain would stay outside the military command structure. Continued membership "was also supposed to ban on nuclear weapons on Spanish territory and a reduction in the US troop presence."

Controversy over the changed stance was stirred last week by press allegations about "secret" negotiations to allow US personnel and equipment back to air bases following their withdrawal four years ago.

Both the Spanish defence ministry and the US embassy have strongly denied any such plan. The embassy said, however, that the US air force had held "technical level" talks on the possibility of providing logistical support from the air base at Zaragoza.

A renegotiated bases agreement in 1988 allowed the US to keep aircraft and personnel at Zaragoza, but the US decided to withdraw in 1992 as part of a general reduction in Europe.

Spain's policy switch follows the appointment late last year of Mr Javier Solana, former Socialist foreign minister, as Nato secretary-general. He has pressed for Spain to take a full part in the new organisation based on joint task forces. He told a mostly military gathering in Madrid last week: "If we do not do it now, there will not be another opportunity."

One obstacle to Spanish integration, Nato's Gibraltar command, based in the British colony of Gibraltar, appears to have been removed, with the alliance expected to eliminate this and other "fourth level" commands.

Still to be resolved, however, are arrangements for the Canary Islands. Local politicians, on whose support Mr Aznar counts, are adamant they should be under Spanish orders and not those of the Iberian command which is based in Portugal.

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NEWS: INTERNATIONAL

MIDDLE EAST ECONOMIC CONFERENCE

Israel upset at Cairo spy claim

By Sean Evers in Cairo

Egypt's justice ministry yesterday admitted it had arrested an Arab Israeli businessman abducted outside his hotel last week. Egypt accused him of spying.

Israeli officials yesterday immediately asked Mr Warren Christopher, US secretary of state, to intervene on behalf of Mr Azam Azam, 35. The arrest cast a shadow over Israeli-Egypt relations and attempts to improve economic ties through the third Middle East and North Africa economic conference.

Mr Christopher yesterday attended the opening of the conference. Until yesterday it was believed that Mr Azam had been kidnapped. Egypt's interior ministry had denied reports that he had been seized by agents of the Mukhabarat, Egypt's intelligence service.

Yesterday Al-Gomhuria, an official Egyptian government newspaper, claimed state security investigations had shown that Mossad, the Israeli secret service, had recently sent Mr Azam, one of its "prominent members", to work in Cairo with a subsidiary of the Israeli/Egyptian joint venture textile company, Tefron.

A senior Israeli official, travelling with Israel's delegation to the Cairo conference, described the arrest as a "scandal".

"Today it is the front page story in most of the Egyptian newspapers - why?"

The Israeli official said: "This is not good for our relations with Egypt, and it is not good for us."

Mr Azam, technical manager of Tefron Egypt Textiles, is an Israeli citizen of Druze origin - a small Arab minority in Israel - from a village in the Galilee. He has been employed by Tefron since 1988.

Mr David Levy, the Israeli foreign minister, held a breakfast meeting with Mr Amr Moussa, his Egyptian counterpart, yesterday morning, and discussed the arrest.

According to the Israeli official, the Egyptian foreign minister assured Mr Levy that he would provide information relating to the case "very soon".

The Egyptian government press said Mr Azam also recruited an Egyptian work colleague, Mr Emad Ismail, to join Israel's intelligence agency.

The two are accused of spying for a foreign state and delivering information aimed at undermining Egypt's economic, political and military interests in exchange for a large sum of money.

A leading Israeli businessman, travelling with his country's delegation to the conference, said: "Israelis are fed up with our relationship with Egypt. No one in Israel will believe that it is a real story, they will see it as another excuse to pick on Israel."

Egypt in 1979 became the first Arab state to sign a peace treaty with Israel, which one Egyptian minister described as a "long cold" peace.

Tefron, an Israeli underwear exporter, initiated a joint venture with an Egyptian company to establish a plant in Cairo, which now employs about 300 Egyptian workers.



US secretary of state Warren Christopher with Irish counterpart Dick Spring in Cairo yesterday

Hopes for Mideast economy 'require land-for-peace deal'

Hopes of integrating and enriching the economies of the Middle East through cross-border trade and investment will not be fulfilled unless Arab-Israeli peace negotiations resume on the land-for-peace basis rejected by Israel's hardline government, the third Middle East and North Africa (MENA) economic conference was told yesterday.

The Cairo conference, following on from Mena summits in Casablanca in 1994 and Amman last year, got off to an inauspicious start with the Egyptian authorities confirming they had arrested a senior Israeli manager at a rare Egyptian-Israeli textiles joint venture in Cairo on suspicion of spying, and with a stand-off between Israel and the Arabs over the final communiqué.

President Hosni Mubarak of Egypt, opening the conference, said "as long as comprehensive peace on all tracks is not firmly and ir-

reversibly established among us, we will not reap the benefits of economic integration."

Mr Warren Christopher, US secretary of state which co-sponsors the Mena process with Russia, backed by the European Union, said of the near moribund Arab-Israeli peace negotiations that "each side must win and be seen to win".

Mr Dick Spring, foreign minister of Ireland which holds the six-month EU presidency, drew two omissions from more than 70 countries at the conference by insisting on land-for-peace as the formula which was gradually succeeding in delivering detente to the region.

In a reference to the nine-months long Israeli blockade of the semi-autonomous occupied territories which has reduced the Palestinian economy to prostration, Mr Spring said: "It is of vital

importance that the Palestinian people see the benefits of peace, and this should happen without further delay."

Closure of the territories, eased by Israel last weekend, is the point at issue in the row over the conference communiqué. Israel refuses to accept Arab demands that the declaration commits it to lifting the blockade, imposed after four Islamist suicide bombings in Israel in February and March.

Senior Arab officials rejected this security rationale, saying that the bombers came from Hebron, the only large West Bank town still under Israeli control and focus of the current impasse in the Israeli-Palestinian negotiations on the Oslo peace accords.

Mr Christopher said he believed "a full set of very specific understandings on Hebron is at hand". But senior Arab officials cautioned against hopes that the

conference would provide the showcase for a breakthrough on Hebron.

Indeed, while the Casablanca and Amman summits - Cairo has been downgraded to a "conference" - held out the prospect of regional integration including Israel, this gathering is concentrating on pan-Arab integration within the international economy.

There are 23 countries in this region, 22 of which are Arab, Mr Youssef Boutros Ghali, Egyptian minister of state for the economy, said in an interview.

"If five of those countries integrate, that's integration. If that includes Israel, that's nice, but it's irrelevant to the concept. Let's continue with regional economic integration, and when [Israel] learns to conform to internationally accepted forms of behaviour, welcome."

David Gardner

WORLD FOOD SUMMIT

Doubts over action on hunger

By Maggie Urry in London and Reuters in Rome

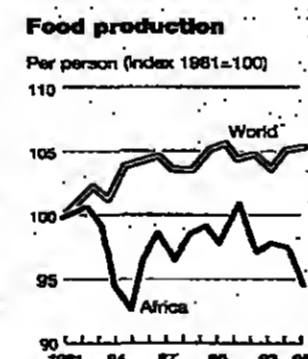
Mr Jacques Diouf, head of the United Nations Food and Agriculture Organisation, said yesterday he was confident this week's World Food Summit would strengthen the fight against hunger.

He was speaking on the eve of the Rome summit, at which leaders will pledge to reduce the number of people suffering chronic hunger or malnutrition to half the current 840m by 2015.

However, many observers may be wondering what the point of the summit is. The text of the declaration to be signed by representatives from around 100 countries, has already been agreed.

As Mr Jacques Verceuil, an agricultural economist at the FAO, the body organising the meeting, told a recent conference in London, the summit "will not pledge any new money, and will not establish any new machinery".

Although 196 countries were invited to the summit, which continues until Sunday, only half have accepted. The invitation went to heads of state and government, but not all countries will be sending their top people.



Source: FAO

1974 a similarly prestigious summit agreed to eradicate hunger "within a decade".

But then, according to Mr John Seaman, of Save the Children Fund, there was a sense of international responsibility for solving the problem. Now, he said: "The World Food Summit represents the new agenda of the first world." Instead of global responsibility, the new agenda was "individual responsibility" for each government.

He believed the goal of halving the number of hungry people within 20 years was attainable, but feared governments lacked the will to carry it out.

Mr Seaman's views are typical of many aid agencies. They point out that changes in agricultural policies in North America and Europe to reduce surpluses mean world grain stocks are at a low level. In an emergency, such as that in Zaire, there is not the grain available to relieve hunger.

There is a more optimistic view, held by the FAO and by government officials. They expect the declaration's seven commitments will raise awareness of the problem and result in action. These commitments encompass

Efforts to end starvation 'based on guesses'

By Deborah Hargreaves in London

World hunger statistics are misleading because of the unreliable way they are collected and they could lead to the wrong policy response, a leading Swedish adviser claimed yesterday.

Mr Peter Svedberg, professor of development economics at Stockholm University, who advised the Swedish government on the food summit, challenged data from the UN's Food and Agriculture Organisation which shows 43 per cent of the people in Africa are undernourished.

Mr Svedberg says the FAO relies too heavily on government statistics for food production which are often unreliable, especially in Africa, where conflicts in many countries hinder the gathering of data.

"When you measure people's height and weight and compare it to other regions, it shows that twice as many people in south Asia are undernourished than in sub-Saharan Africa," Mr Svedberg said. "Governments could be convinced by the FAO data to concentrate their development aid on Africa, but this is based on no objective

analysis and in many cases, just on guesses," he said.

The Swedish government has insisted the final declaration from the food summit include a clause demanding an overview of the methods and data used to estimate under-nutrition by the UN.

Mr Svedberg also challenged the FAO's assumption that hunger levels differ because of per capita food production, implying that the chief remedy is increased food output. This does not take into account the urban poor, who are not primarily dependent on food production, he said.

INTERNATIONAL NEWS DIGEST

Credit rating for Lebanon

Analysts from Standard & Poor's, the US credit rating agency, arrived in Lebanon yesterday to start a first-time assessment of the country's credit standing. They will be followed, in the next couple of weeks, by representatives from Nippon Investors Service, a Japanese rating agency, and Moody's, S&P's main US competitor. The ratings are likely to be released early next year.

Some observers from the securities industry were surprised by the Lebanese decision. Although a credit rating usually reduces the borrowing costs of the rated entity, Lebanon is believed to belong to a minority of exceptions - also including countries such as Iraq - which have little to gain from an official grade.

"Investments in Lebanon are currently based more on perceptions than on reality," said Mr Walid Kaba, executive director of Medinvest Associates, a London-based financial consultancy. "A rating will make investors focus more on the fundamentals, which are less rosy than the perception appears to be."

Mr Kaba believes overseas institutional investors - such as specialised emerging markets funds - are most likely to see their enthusiasm tempered. "The bullishness of expatriate Lebanese and Arabs [a vast majority of investors in Lebanon] will be less affected," he said.

Analysts' estimates of what the rating will be vary between Egypt's Ba2 (on Moody's scale) and Jordan's Ba3 - both belonging to the "speculative" category.

Samer Ismaildar, London

Threat to caviar market

The world caviar market could collapse as a result of over-fishing and environmental threats to sturgeon fish in the Caspian sea, the World Wildlife Fund for Nature warned yesterday. The environmentalist organisation called for co-ordinated management of fisheries, including annual quotas on catches, laws to protect spawning sites in rivers, and controls on volumes and quality of caviar in processing plants.

WWF also urged traders to support the creation of a labelling scheme for caviar produced from sustainable sources by agreeing to market only caviar produced according to the terms of the scheme. It said illicit traders used false documents to disguise their exports as legal, and that in the US, five out of 23 samples had been falsely labelled.

Iran and Russia account for 90 per cent of caviar production. The world's biggest importers are the European Union, Japan, the USA, and Switzerland. But the report said production in the Commonwealth of Independent States had become a chaotic "free-for-all" since the collapse of the Soviet Union. Poaching and a failure to enforce whatever fishing restrictions existed helped to account for a 75 per cent drop in the official sturgeon catch in the Caspian Sea. Leyla Boulton, London

'Exercise can damage heart'

Too much exercise can damage your heart according to US scientists. Blood tests on 33 athletes showed that six had evidence of heart injury after a gruelling race. The sharp changes in the blood of two were "similar to those considered diagnostic of a heart attack," Mr Nader Rifai, associate professor of pathology at Harvard medical school, said at the American Heart Association's 69th scientific conference yesterday.

In addition, ultra-sound scans on the athletes, who had just completed a triathlon, showed that five of the six also had abnormal heart motion, and another sign of possible damage to the heart muscles. The triathlon had involved swimming 2.4 miles, cycling 112 miles and running a 26-mile marathon all on the same day.

Mr Rifai warned, however, that the test results did not mean that moderate exercise is a bad idea. "We want to see if we can determine a level of physical activity at which heart damage begins to occur," he said.

The 23 athletes included both men and women, with an average age of 38. All were healthy with no evidence of artery disease. The six who may have been damaged by the race had high levels of a protein called troponin T after the race when there was none before. Troponin T is usually a sensitive indicator of the death of heart cells.

Daniel Green, New Orleans

Iraq seeks Turkish support

Mr Tariq Aziz, Iraq's deputy prime minister, met Mr Necmettin Erbakan, Turkey's Islamist premier, yesterday for talks in Ankara where he called on Turkey to prevent "foreign powers influencing our military and political relations". Mr Erbakan began trying to improve Turkey's poor relations with its Middle Eastern neighbours after he took office in July. He is particularly anxious to resume trade with Iraq, a big trading partner before the United Nations imposed sanctions in 1990. Turkey claims it has lost \$30bn of trade with Iraq. Mr Aziz stopped off in Ankara en route from Moscow where he sought to win Russian support for an end to sanctions.

However, Baghdad is also angry at Turkey's efforts to maintain good relations with the west. It still allows US-led air patrols enforcing a no-fly zone in northern Iraq to use bases in Turkey, and has expanded a defence agreement with Israel. Ankara also hosted US-organised talks between northern Iraq's warring Kurdish factions.

John Barham, Ankara

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EU Working Time Directive: Important Announcement for Employers

Following the European Court judgment, the Working Time Directive should come into effect on November 23 1996.

MSF will use legal action to apply the Directive. However, we would rather negotiate agreements on its introduction with employers as we have just done in a ground-breaking deal in the heating and ventilating industry.

Our message to you is this: if you want flexibility in implementing the Directive which meets your business needs and protects our members' health and safety, then contact MSF today. Ring us on **0171 505 3278** for an information pack (price £ 5 including £&p).

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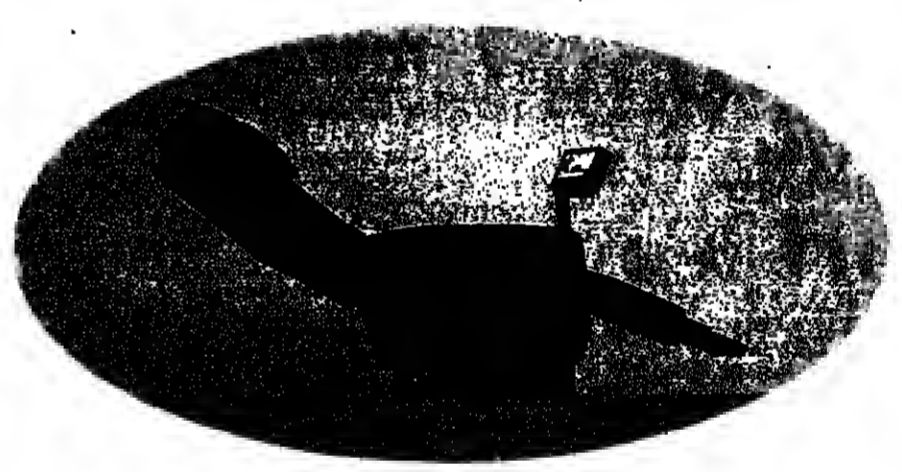
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US economy gets clean bill of health Clinton eyes budget deal

OECD's optimistic forecast is tempered by call for a rise in interest rates, writes Gerard Baker

budget deal

The US economy remains in robust health, with no prospect of a serious downturn for at least two years, according to the Organisation for Economic Co-operation and Development. And in spite of a continuing fall in unemployment, there are few signs of significant cost pressures on prices.

In its annual report on the United States published yesterday, the OECD paints a picture of an economy in a near-perfect growth equilibrium, expanding at or near its long-term trend rate, with only a few concerns on the distant horizon.

All the more curious, then, that the OECD should call on the US Fed to raise interest rates as "an insurance against any re-emergence of upward trends in inflation." The recommendation seems to many economists an unduly cautious one and it was hardly surprising that the Clinton administration, flush with victory in last week's presidential election, should hurry to condemn it.

Mr Joseph Stiglitz, the chairman of the president's council of economic advisers, described the analysis

US economy: looking at the future

	1995	1996	1997
GDP (annual % change)	2.5	2.4	2.3
Unemployment (% of workforce)	5.8	5.5	5.5
Current account balance (\$bn)	-148	-150	-153
(% of GDP)	-2.0	-2.1	-2.1
10-year Treasury Bond yield (%)	4.5	5.0	5.5

Source: OECD

economy has cooled and cost pressures have eased again.

Mr Peter Jarrett, the OECD's staff economist who prepared the report, acknowledged that the case for higher interest rates was "not all that clear-cut." But he argued the balance of risks was still asymmetrical and favoured a gentle tightening. There was little disagreement about the rest of the report, however, which is largely very positive.

The OECD applauds the

1995 has now been corrected. The public sector's deficit has been falling steadily as the share of general government consumption in national income has dropped by 3 percentage points over the last decade. The current account deficit has also fallen, though the dollar's recent strength might now reverse that process.

The immediate outlook is for growth in gross domestic product this year of 2.4 per cent, slowing slightly to 2.1 per cent next year. Inflation, as measured by the gross domestic product deflator, is expected to be lower in 1996 and 1997 than in any year since 1965. Unemployment is set to remain at around 5.5 per cent.

The report emphasises the need for progress on longer term problems. The biggest is the likely deterioration in the public finances over the next few years. The federal deficit seems set to rise again next year after several years of decline, and may reach \$400bn (3.3 per cent of GDP) within a decade. The OECD urged the administration and the new congress to renew their efforts to contain the cost of entitlement programmes such as social

security and Medicare, the medical insurance system for the elderly.

Though the labour market is among the most flexible in the world, the report says the risk of increasing polarisation of incomes is a serious one and urges further efforts to reduce income inequality. But it says the increase in the minimum wage approved this year is not the correct way to achieve that goal.

It expresses scepticism about the radical changes in welfare support passed by the congress and approved by the president this year, arguing that while they may improve worker incentives, they will shrink further an already limited safety net.

In a discussion of the US system of corporate governance, the report concludes that the case for the abandonment of the traditional shareholder value-based system is unproven. It says the recent "downsizing" of American companies, far from demonstrating the weakness of the market-enforced focus on shareholder value, is evidence of "the dynamism of the US business sector, and the acuity of competition in product markets".

President Clinton again

Guatemala steps up peace talks

The guerrillas had to give ground, backing away from their initial reluctance to agree a ceasefire before discussion of their entrance into the political arena. Frightened of becoming an anachronism in a region where armed revolutionary movements have gone out of fashion, the URNG is aware that its future depends on the end of the war.

The government finally agreed to restart talks on November 8, when guerrilla leader Mr Rodrigo Asturias accepted political responsibility for the kidnapping by resigning from the negotiating table. Mr Asturias, son of Nobel prize-winning novelist Mr Miguel Angel Asturias, was probably the most powerful URNG commander and a likely candidate for 1998's presidential elections.

The government is anxious to get the accord out of the way before anything happens to give further comfort to its hardliners or provoke guerrilla combatants to lose their faith in peace.

The Arzu administration is also desperate for a treaty to wave in front of international funders and potential private investors. Without it Mr Arzu will be forced to revise his vision of turning Guatemala into a demilitarised modern capitalist state.

AMERICAN NEWS DIGEST

EU backs UN vote on Cuba

The UN General Assembly with the support, for the first time, of the entire European Union, last night called for an end to the US trade embargo against Cuba. The margin, which has increased every year since the issue came up in 1992, was an overwhelming 137 to 3 with 25 abstentions. Israel and Uzbekistan joined the US in opposition, while Japan was among those abstaining.

Britain, Germany and the Netherlands, which abstained last year, joined the other EU members in support of the resolution, motivated by Washington's attempts to punish non-American companies trading with Cuba by invoking the Helms-Burton act.

Michael Littlejohns, New York

Court rejects US phone plan

The Supreme Court yesterday spurned a request by federal regulators and long-distance telephone groups to revive rules opening local phone monopolies to competition. Deregulation of the \$100bn local phone market will continue to depend largely on rulings by state regulators.

The Federal Communications Commission and the long-distance companies AT&T and MCI Communications had asked the court to reinstate the rules after a US appeals court in St. Louis last month suspended key parts until it rules on a challenge to the measure. It is a victory for the Baby Bell phone companies, other local carriers and state regulators seeking to overturn the FCC's "interconnection" rules on the grounds that it had exceeded its power and usurped state authority to issue policies on pricing and other matters. Reuser, Washington

Mexico City oil plant ablaze

More than 15.9m litres of petrol were burning yesterday in a northern suburb of Mexico City following an explosion on Monday at a storage plant owned by Petróleos Mexicanos (Pemex), the state oil monopoly. The fire, which Pemex officials said was caused by a leaking valve, is the second big accident to afflict Pemex in less than six months. In July, an explosion at the Cactus complex in the southern state of Chiapas crippled one-third of Mexico's gas processing capacity.

Fifteen people were taken to hospital after Monday's explosion, some with severe burns. Health authorities closed down schools near the burning petrol plant, and warned that Mexico City's chronic smog problem would worsen.

The Bank of Canada said yesterday it was continuing its policy of driving down interest rates with a quarter point cut to 3% per cent, in its discount rate. AFP, Ottawa

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NEWS: UK

All 46 telecom bidders set for licences

By Alan Cane
The UK is set to licence all 46 companies which bid to compete with British Telecom and Mercury...

market fully to competition in this way. It is a gamble which could generate substantial inward investment but which could also result in a significant fall in the UK's telecoms revenues...

UK NEWS DIGEST

Banks warned on health loans

The government will not provide extra guarantees to banks considering loans to hospital trusts for private finance initiative projects, a senior government official has warned...

Dismay over European Court's judgment on challenge to 48-hour week rule

Industry appeals for new government lead

By David Wighton and Richard Wolfe
The European Court's decision over the 48-hour working week caused widespread concern among members of the Confederation of British Industry...



Commissioner Padraig Flynn: under pressure to extend rules

about the directive he thought I was joking. He couldn't believe it. Mr Fell, of AB Ports, said the imposition of the directive undermined the commitment by Mr Gordon Brown, the shadow chancellor...

Working overtime against directive

Mr John Major, says he will block the European Union's intergovernmental conference until other countries agree to exempt Britain from a 48-hour working week...

Door may be opened to more laws

By Caroline Southey in Brussels
Britain has suffered a double defeat as a result of yesterday's European Court of Justice ruling on a maximum 48-hour week...

well-being that does not consist only in the absence of illness or infirmity. That, said the EU diplomat, is a fairly crushing defeat for the UK. The ruling has given the Commission the green light to extend rules on working time to workers excluded from the directive...

Casino deregulation closer

Casino deregulation came a step closer yesterday with government proposals to allow limited advertising, more locations in which casinos can operate and more flexible membership rules...

Call for code of practice

The Gas Consumers Council has called for a national gas industry code of practice to ensure that the introduction of competition in the domestic gas market proceeds smoothly...

'Bankruptcy' forecast

Excessive borrowing by the government combined with low public investment and a run-down in state assets will leave the public sector technically bankrupt by the end of next year, according to a report by Coopers & Lybrand...

Acquisitions at two-year low

Companies outside the UK spent only \$200m (\$1.3bn) buying companies in the UK during the third quarter of the year, the lowest amount spent on acquisitions for more than two years...

Confederation of British Industry hears currency warning
Bank chief attacks Emu 'dash'

By Richard Wolfe and David Wighton
Mr Eddie George, governor of the Bank of England, the UK central bank, yesterday warned that European monetary union would inflict serious long-term economic damage if countries joined a single currency before they were ready...

undemanded if monetary union failed to proceed. Mr Peter Sutherland, chairman and managing director of Goldman Sachs International, said there was a real threat to maintaining the single market into the future in the absence of a single currency...

Euro banknotes may be plastic



The new euro banknotes could be made of plastic if Australia's central bank is successful in a joint venture with a polymer film company based in Cumbria, in north-west England...

"Do what no one has done before." KAZUO INAMORI, founder of Kyocera

FINANCIAL TIMES

Wednesday November 13 1996

Shepherd DESIGN, MANAGEMENT, CONSTRUCTION & ENGINEERING

UK threatens EU clash over employment laws

By Caroline Southey in Brussels and Robert Peston in London Mr John Major, the UK prime minister, last night set Britain on a collision course with its European Union partners over employment and social law after the European Court of Justice ruled that the UK must implement a directive on working hours.

European court yesterday, which ruled that the 1993 working time directive was applicable in the UK. The directive imposes a maximum average 48-hour working week for many classes of employees and a minimum entitlement to four weeks paid annual leave.

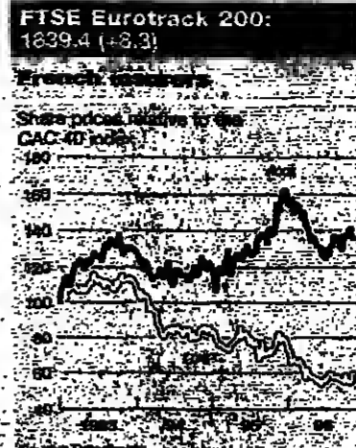
seen under the treaty" - including under the health and safety provisions. Britain challenged the directive on the grounds that it was not a health and safety issue. The ruling also widened the definition of health and safety at work, opening the door for the Commission to come forward with new social policy initiatives.

Sherritt defies US to expand Cuban interests

By Robert Gibbons in Montreal and Pascal Fletcher in Havana Sherritt International, the Canadian mining company, plans to increase its holdings in Cuba through debenture issues worth up to C\$600m (\$477m). The move is in defiance of hostile US legislation aimed at stopping investment in the island.

THE LEX COLUMN The Axa falls

The effective takeover of UAP is an undoubted coup for Mr Claude Bébéar, Axa's chairman. But for all the emphasis he laid on it yesterday, sheer clout alone does not amount to a convincing case for this merger. Of course, size brings some benefits. But there are downsides too: giants are rarely nimble or slim. And, awkwardly, the merger will weight Axa more towards non-life insurance and more towards France - precisely the reverse of the characteristics which have made the shares such a favourite.



industries such as security and hotels may change, but most employers should be able to negotiate flexible working practices. This is not to suggest the directive will be without impact. To carry on doing what they already do, some companies will have to do more negotiating and keep more records. As ever, big ones will be best placed to manage, but even small companies should be able to get by, albeit with a heightened basic factor.

Zaire crisis

Continued from Page 1 militia responsible for the genocide in Rwanda in 1994, and who shelter within the ranks of the refugees. A plan for a Franco-Spanish intervention collapsed last week. But as a nation with no colonial history in Africa, Canada appears to have won wide acceptance to command a force that must be seen as neutral by all parties.

Swiss banks face fresh attack in Nazi victim probe

By William Hall in Zurich and Norma Cohen in London Swiss banks faced fresh international criticism yesterday after Switzerland's banking ombudsman said he had found only SFr1,000 (\$8,750) in dormant bank accounts linked to Nazi holocaust victims.

He received 2,229 applications for help in the nine months to end-September. These applications have resulted in 892 questionnaires being returned. In 53 cases, the banks had asked for more details. In 40 instances, the claimants had been unsuccessful but, in 11 cases, the ombudsman was able to put a claimant in touch with a bank.

German takeovers

Like German tourists, German companies are staking out claims on more and more foreign shores. Henkel's hostile \$1.2bn offer for Loctite of the US follows last year's aggressive takeover of Britain's A&H by Gebe. But the traffic is distinctly one-sided. The only notable attempt by a foreign company to mount a hostile takeover of a German one in the past few years was France's unsuccessful bid at fellow tyra Continental.

Deutsche Telekom

The main question facing prospective Deutsche Telekom investors is not whether to buy shares in this heavily-marketed issue but when to sell. On fundamental grounds, the shares are not worth much more than DM25. But demand has been stoked to such high levels that the share price seems likely to rise in the short term.

48-hour week

The European Court of Justice's decision that the working time directive applies in the UK has been both welcomed as a victory for "overworked" employees and denounced as damaging jobs and competitiveness. It is neither, but the flood rhetoric is hardly surprising given that the issue has long since degenerated into an ideological squabble over flexible labour markets and Britain's relations with Europe.

Axa, UAP

Continued from Page 1 to realise at least FF500m of cost savings from eliminating overlapping activities in 1998, rising to about FF1bn in 1999. This was in spite of a pledge to make no "collective redundancies" in France.

FT WEATHER GUIDE

Europe today North Sea countries will be settled. Low pressure will promote abundant cloud and precipitation over Scandinavia. Most of the precipitation will be in the form of snow as temperatures stay below freezing.

Five-day forecast Most of Europe will be settled for the next few days but heavy thunder showers will persist along the southern slopes of the Alps. High pressure will promote sunny intervals mixed with occasional showers over central Europe.

Table with columns for city, weather, and temperature. Includes cities like London, Paris, New York, and Tokyo.

FOREIGN EXCHANGE MAY BE A COMMODITY, BUT WE CAN STILL BE CREATIVE. The Royal Bank of Scotland advertisement featuring a portrait of a man and text about foreign exchange services.

Lufthansa advertisement featuring a map of Europe, flight routes, and a list of destinations. Text includes "No other airline flies to more cities around the world."

Handwritten signature or note at the bottom of the page.

DEUTSCHE BANK IN ASIA

Deutsche Bank is expanding rapidly in Asia-Pacific, where it aims to generate one-third of earnings within five years. But doubts remain whether it will achieve a reasonable return on its investment. Andrew Fisher analyses its plans

Facing a rough ride in the East

Deutsche Bank has big Asian ambitions and is putting in resources to match. Mr Ulrich Cartellieri, a board director, explained recently in Tokyo that the bank had never wanted to be like "the frog beside the well unaware of the great ocean".

Excited by the region's promising growth outlook, Germany's biggest bank has responded with an onslaught of money, personnel and technology. The question is whether its aggressive commitment to expansion will generate an acceptable return. For the moment, Asian profits have yet to match its ambitions.

There are few doubts about the opportunities for banking in Asia. The impetus driving Deutsche Bank's ambitions, part of its drive to become a global bank, include:

■ The sheer dynamism of the region. "The Asia-Pacific region is currently the most interesting region in the world," says Mr Cartellieri, responsible for the bank's Asia-Pacific operations. By 2040, half the world's gross national product is expected to be generated in Asia. Average annual growth in the region is estimated at 7 per cent in the next five years.

■ The need for huge investments in infrastructure. Capital needs for power, telecommunications, transport and water projects in Asia (outside Japan) are projected at \$1,500bn over the next 10 years.

■ The jump in intra-Asian trade. This has grown from 25 per cent of total trade volume in Asia (excluding Japan) in 1985 to 37 per cent last year. "In the 1970s," notes Mr Cartellieri, "there was very little intra-Asian trade. The markets were very small, underdeveloped and protectionist. That has changed dramatically."

■ Japanese activity. "Japan is integrating into east Asia at a blinding pace," says Mr Kenneth Courtis, Tokyo-based chief econo-

mist for Deutsche Bank Capital Markets (Asia). "For every D-Mark that German companies invest in east Asia, the Japanese invest 3.5 times as much." Around 40 per cent of Japanese direct investment flows into Asia.

■ High savings rates. Asians are big savers. Developing financial markets and the hoped-for liberalisation of Japanese pension fund management should offer big opportunities. "Japan has about \$3,000bn in accumulated savings. Much of that is badly managed," Mr Courtis says. "With the liberalisation of the pension market, we will see more Japanese pension funds investing in east Asia," he adds. Mr Cartellieri also expects more Asian savings to be invested regionally.

■ Poorly developed capital markets. "In Asia, the modernisation of financial markets has not kept pace with the dynamic development of the region's economies. This means above-average development in these markets," Mr Cartellieri says. He sees favourable profit potential, especially in project financing and in securities markets.

Yet in spite of the opportunities, a rapid push into Asia carries considerable risks. The region spans many cultures and political systems, and contains economies and financial markets at widely differing stages of development.

The biggest risk is China. "Behind all this is the big question of China and what this colossus will do in the region," Mr Cartellieri adds. A China willing to adapt to the needs and sensitivities of other Asian countries will be conducive to steady economic growth and financial stability.

Another challenge is the need to understand the overseas Chinese community. Mr Jürgen Fitschen, Singapore-based head of corporate and institutional banking in the region, regards this group of dynamic entrepreneurs

as vital to the bank's business. "They have a dominant share of private assets." In the Philippines, overseas Chinese make up 2 per cent of the population and own 50 per cent of private wealth. They also have a high share of assets in Malaysia, Thailand, Indonesia and Singapore.

"No foreign bank can be successful in this region without doing business with this group," Mr Fitschen adds. Overseas Chinese are the biggest investors in China and Vietnam. However, financial transparency is often poor and concluding deals requires extreme patience and acute character judgment.

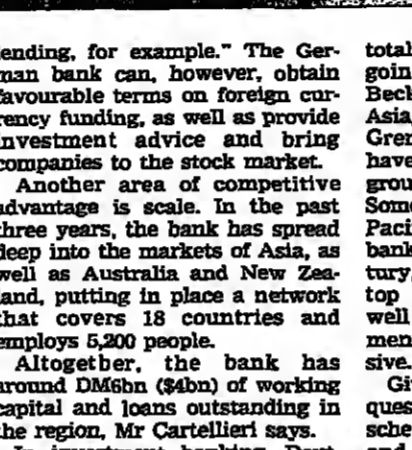
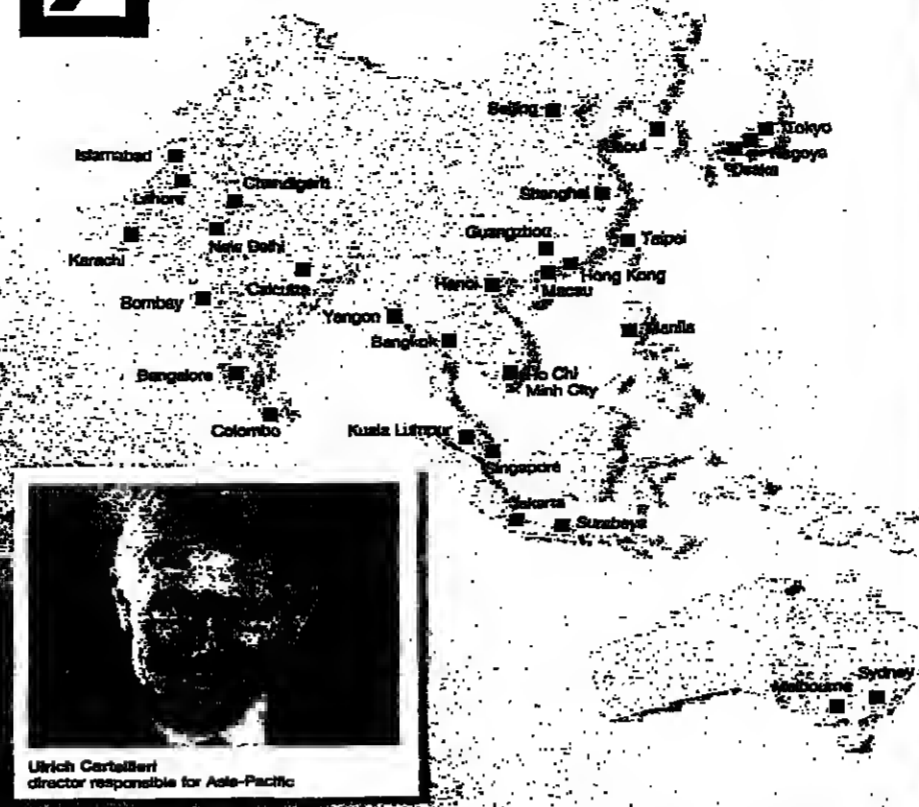
A further problem is that Deutsche Bank is not alone in trying to exploit the opportunities. Although other German banks have less of an Asian presence, and Japanese banks are nursing the wounds of both their previous heading foreign expansion and their domestic financial problems, Deutsche Bank still has to fight for new business.

It is up against big US investment banks such as J.P. Morgan, Merrill Lynch and Goldman Sachs, as well as Citibank in commercial banking. Other competitors include ABN Amro and ING Barings of the Netherlands, Standard Chartered of the UK and Hong Kong and Shanghai Banking Corporation.

Deutsche Bank's main attraction for such customers is not in local business. "We can't compete with Bangkok Bank in baht



Deutsche Bank's Asia-Pacific Empire



Ulrich Cartellieri, Director responsible for Asia-Pacific



Simon Murray, Executive Chairman Asia-Pacific

lending, for example." The German bank can, however, obtain favourable terms on foreign currency funding, as well as provide investment advice and bring companies to the stock market.

Another area of competitive advantage is scale. In the past three years, the bank has spread deep into the markets of Asia, as well as Australia and New Zealand, putting in place a network that covers 18 countries and employs 5,200 people.

Altogether, the bank has around DM6bn (\$4bn) of working capital and loans outstanding in the region, Mr Cartellieri says.

In investment banking, Deutsche Bank has strengthened its Asia activities over the past year, with about one-third of the bank's spending in this sector -

totalling some DM700m in 1996 - going to the region. Mr Hans Beck, chief executive officer Asia-Pacific for Deutsche Morgan Grenfell, claims: "We probably have the largest presence on the ground of any investment bank". Some 2,000 of the bank's Asia-Pacific staff are in investment banking. By the end of the century, it aims to be one of Asia's top three investment banks, as well as Europe's leading investment bank. "It sounds aggressive. It is aggressive."

Given this headlong expansion, questions remain whether Deutsche Bank can expand this fast and make an adequate return, especially as the region's rate of economic growth is becoming more erratic.

Outsiders also recognise the risk being taken. Mr Dieter Hein, banking analyst at BHF-Bank in Frankfurt, concedes it is important for Deutsche Morgan Grenfell to be well represented in Asia if the bank is to realise its global investment banking ambitions. Since it is hard to compete with the US investment banks on their home ground, a big effort in Asia could help make up for this.

"The strategy is right, but its goals are very ambitious," Mr Hein says. "If the bank wants to

share in the growth markets of Asia, it has to be on the spot to support German companies and build up links with local firms." But, he adds, "costs have to be kept under control if this big investment is to produce adequate returns".

Mr Simon Murray, Hong Kong-based group executive chairman of Asia-Pacific, says that when he joined Deutsche Bank three years ago, only a small part of its earnings came from the region. Today, the share is nearly 10 per cent. But the bank admits this is well below what it should be.

Deutsche Bank expects operating profits from the region to reach about DM1bn by 1999, compared with DM500m or so this year (while investments in computer systems and staff are still high). However, it also earns profits outside Asia from business generated within the region. Last year, total group operating profits totalled DM4.2bn, with a first-half rise of 22 per cent this year to DM2.6bn.

With the bank's corporate, trade, lending and other Asia-Pacific business growing at around 25 per cent a year, the proportion of earnings coming from Asia should grow considerably. "If this bank does not have

30 per cent of its earnings coming from Asia in the next three to five years, it will not be a global bank but a European bank," Mr Murray, a former foreign lectionnaire, says pointedly.

Overall, Deutsche Bank is seeking a pre-tax return on equity from its Asia-Pacific operations of at least 25 per cent, with some countries already producing much more. Mr Fitschen says. "We expect the highest future returns in India, Indonesia, Thailand and Malaysia." Last year, the whole Deutsche Bank group earned a 14 per cent return, with a target of 25 per cent.

In Asia, it plans to serve some 8,000 corporate clients by 1999 against 6,500 now. About 70 per cent of its corporate clients are Asian, with the remainder divided between German companies and Japanese, 115 and European multinationals. Mr Fitschen sees the Asian share - much of it with overseas Chinese-owned corporations - possibly rising to 80 per cent.

The next few years will show how well such ambitions can pay off, Mr Murray says. "We're off to the races," he quips.

The bank is out of the starting gate, but it has no doubt the going will be heavy.

Who wields the financial power?

Overseas Chinese in south-east Asia	Chinese population m	Share of population %	Share of private assets held by Chinese %
Singapore	2.7	77	81
Malaysia	5.8	28	81
Thailand	5.8	10	81
Indonesia	7.2	3.5	73
Philippines	0.9	2	50

Source: M.Buckner, Overseas Chinese Business Networks in Asia, Carbury 1995

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FINANCIAL HIGHLIGHTS	1995/6	1994/5	CHANGE %
Electricity sales	GWh 5,759	5,463	5.4
Gas sales	mm ³ 1,375	1,237	11.1
Heating sales	GWh 423	294	43.8
Turnover	ASm 11,907	10,979	8.5
Result from ordinary activities	ASm 1,484	1,193	24.4
Dividend per share	AS 25.0 ^a	19.2 ^a	30.4

EVN Energy - Versatility - Versatility

General Accident

STRONG THIRD-QUARTER PERFORMANCE

9-MONTHS' RESULTS

	9 MONTHS TO 30.9.96 ESTIMATE	9 MONTHS TO 30.9.95 ESTIMATE
General Premiums	3,447	3,302
Life Premiums	1,340	1,131
Underwriting Result	(166)	(62)
Net Investment Income	409	372
Life Profits	77	53
Operating Profit before Taxation	311	351
Profit attributable to Ordinary Shareholders	346	292
Operating Earnings per Ordinary Share	44.0p	52.3p

- Operating pre-tax profit of £311m follows a profit in the third quarter up 23% at £117m.
- Strong growth in investment earnings.
- Worldwide underwriting deficit of £166m includes increased severe weather losses of £58m.
- Underwriting profit achieved in the UK.
- Good third-quarter performance in the United States.
- Strong performances in New Zealand and Asia.
- Further excellent progress in the profitability of UK life and pensions sales.
- Current solvency margin 79%. Net assets per ordinary share 690p.

Group Chief Executive Bob Scott comments:
 "A positive underlying performance in all our major business units worldwide has continued during the third quarter and we would expect this trend to be maintained."

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THE MAKING OF AN INSURANCE GIANT

Axa and UAP are merging to create the world's second biggest insurance group. But big is not always better. David Owen looks at the logic of the deal and whether management will be able to unite two companies with such differing cultures

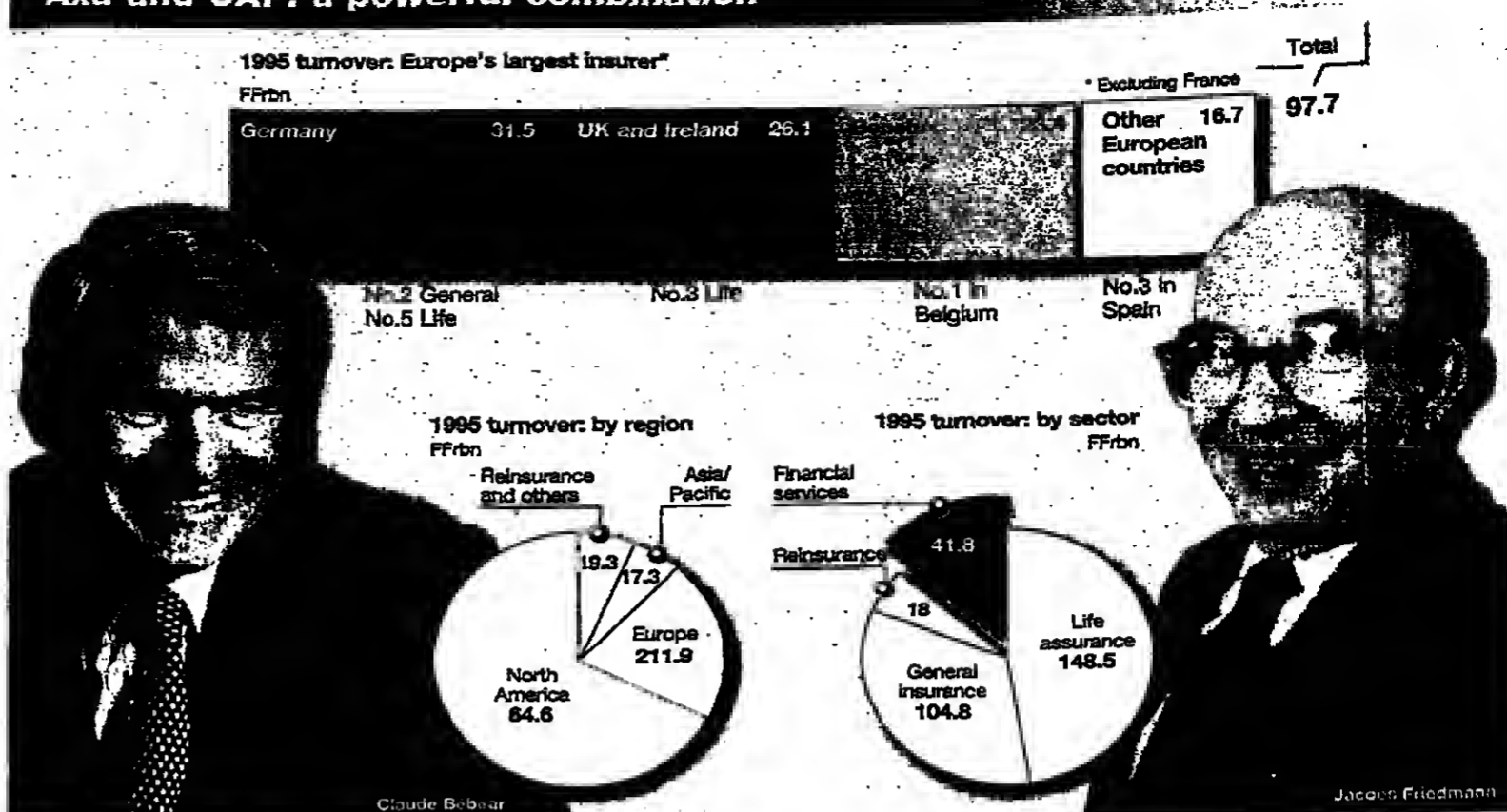
'No dilution' for Axa investors

Axa's return on equity is about 10 per cent. UAP's is just 5 per cent prior to yesterday's announcement, it had the objective of attaining 10 per cent - but only by 2000. Yet the groups involved in yesterday's merger claimed the deal would not be dilutive for Axa shareholders even in 1997 - too early for most of the eventual synergies to have worked their way through.

The complex deal was put together by Goldman Sachs and Paribas for Axa, and Lazard Freres, BNP and J.P. Morgan for UAP. Under its terms, shareholders will be asked to exchange 10 UAP shares for four Axa shares and four so-called "certificates of guaranteed value".

Under its terms, shareholders will be asked to exchange 10 UAP shares for four Axa shares and four so-called "certificates of guaranteed value". These certificates may entitle the bearer to an additional cash payment in just over two-and-a-half years, depending on the level at which Axa shares are trading.

Axa and UAP: a powerful combination



ETERNAL BEAR - By David Buchan

Eternal insurance man

Mr Claude Bébear was yesterday as upbeat as his Axa insurance company, which recorded a 52 per cent jump in first-half profits this year. "We have decided to become a global actor" in allying with UAP, said Mr Bébear, who will become chief executive of the world's second-largest insurer.

THE CULTURES - By David Owen

Agility set to triumph over bureaucracy

The name of the new group has not been decided. But first impressions yesterday could not have been more clear: it is Axa's Mr Claude Bébear and not Mr Jacques Friedmann, his opposite number at UAP, who looks set to be the dominant force in this new French giant of world insurance.

IMPACT ON EUROPEAN INSURANCE INDUSTRY - By George Graham

Critical mass threshold raised

Mr Claude Bébear's swoop on UAP yesterday raised the prospect that a new wave of consolidation might be about to strike the European insurance sector. Coming shortly after the merger of Royal Insurance and Sun Alliance in the UK, the Axa-UAP combination would appear to raise the threshold for critical mass in the sector.

its now at a high level, he would be prepared to show some flexibility in order to defend market share, so this saving might be realistic.

But insurance has been less susceptible to economies of scale than many industries, and consolidation has not necessarily been the right answer to these pressures. In comparison with banking, for example, operating expenses represent only a small proportion of the costs of a general insurer - the bulk is made up of loss claims - so operating efficiency in itself has much less effect on profitability.

"You must have a small head and lots of little hands everywhere", he continued, conjuring up a vision of a creature of mid-boggling anatomical complexity. "That is why I insisted on decentralisation... We think that the heads of individual countries should be from those countries."

INFORMATION FROM THE BANK OF ENGLAND
GILT-EDGED CONVERSION OFFER FROM 12% EXCHEQUER STOCK 2013-2017 INTO 8% TREASURY STOCK 2015
The Bank of England has announced today that holders of 12% Exchequer Stock 2013-2017 may convert all or part of their holdings into 8% Treasury Stock 2015 at the rate of £136.55 nominal of 8% Treasury Stock 2015 per £100 nominal of 12% Exchequer Stock 2013-2017. The ratio is a clean price ratio.

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£150,000,000 Floating Rate Notes 1999
The notes will bear interest at 6.5% per annum for the Interest period 11 November 1996 to 11 February 1997. Interest payable on 11 February 1997 with arrears of £163.36 per \$100,000 note.

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The timeless lines of mechanical perfection - Our tradition since 1790
The classic 'tonneau' form with automatic movement, power reserve indicator, date, and second hand (Style no. 162248).

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COMPANIES AND FINANCE: ASIA-PACIFIC

Westpac ahead but forecasts difficult year

By Nikki Tait in Sydney
Westpac, the Australian banking group, yesterday kicked off the sector's annual reporting season with a 19.5 per cent increase in after-tax profits to A\$1.18bn (US\$829.5m) in the 12 months to end-September.

with the overall group margin falling from 3.8 per cent in 1995 to 3.7 per cent. Non-interest income grew 6.1 per cent to A\$1.49bn "in an environment of aggressive discounting of lending and risk fees... in both the housing and business markets".

Meanwhile St George Bank, the Sydney-based regional bank which is seeking to merge with neighbouring Advance Bank to become Australia's fifth-largest bank group, announced a 17.7 per cent increase in after-tax profits to A\$159.6m.

Japanese watch sector improves

By Daniel Bogler in Tokyo
Restructuring, cost-cutting and reviving overseas sales are leading to better outcomes for Japanese watchmakers. Seiko, the country's leading manufacturer of timepieces, saw unconsolidated pre-tax profits jump from Y82m to Y1.18bn (\$10.2m) in the six months to September.

Impossible mission accomplished BOC India has been transformed into an aggressive competitor

Mission impossible. That might legitimately describe the challenge facing Mr Shashi Prasad, managing director of BOC India, when he joined the company in 1991 from the Bombay subsidiary of Sandoz, the Swiss chemical company.



Left to right: Mr Shashi Prasad MD, BOC India; Dr T. Mukherjee, Tata Steel; Mr S. Ahmad, BOC personnel manager at Jamshedpur; and Mr David John, BOC Group chairman

the workforce came through the sale of its welding business, which employed 1,600 people, but BOC's approach would be difficult for large state-owned enterprises where overmanning is at its worst.

Among its new contracts are a \$35m deal to supply Ticon with an air separation unit for its new steel plant in Jamshedpur, and a similar deal for \$30m with Bhilai steel plant of SAIL.

One of the benefits of the restructuring is that it encouraged BOC of the UK to acquire a majority stake. "BOC India is part of the global BOC family," says the UK company's chairman, Mr David John.

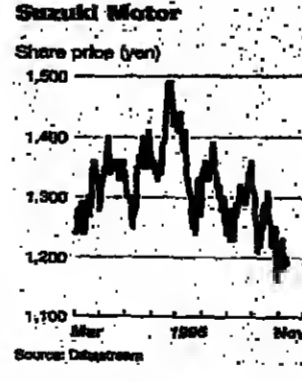
BOMBRIIL S.A.

NOTICE OF A MEETING of the holders of the U.S.\$93,000,000 8 per cent, Series A Notes due 1998 and U.S.\$77,000,000 8 per cent, Series B Notes due 1998 (the "Notes")

Suzuki Motor just ahead at midyear

By Daniel Bogler
The company, which specialises in small cars, motorcycles and outboard motors, benefited from the continued popularity of its Wagon R mini-vehicle and Cultus passenger car models in the domestic market, where turnover was up 8 per cent.

For the full year to next March, the group is forecasting a pre-tax profit of ¥30bn, marginally higher than the previous year's ¥28.9bn. Suzuki is proposing to pay an unchanged interim dividend of ¥3.5 a share.



News Corporation shares fall 2%

Shares in Mr Rupert Murdoch's News Corporation fell 16 cents, or more than two per cent - to A\$6.97 yesterday after the media and entertainment group announced that higher profits from its UK newspaper and film interests had been offset by a slump in book-publishing and television earnings in the first quarter.

did well, posting an 18 per cent gain in operating profits. News said results from The Times had been particularly "robust", with average daily sales up by 19 per cent compared with a year ago.

NOTICE IS HEREBY GIVEN that a Meeting of the Noteholders convened by the issuer will be held at the offices of Allen & Overy, One New Change, London EC4M 9DD on 9th December, 1996 at 2.30 p.m. (London time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed (the "Trust Deed") dated 20th August, 1995 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustees for the Noteholders hereby:

1995-96, leaving bottom-line profits at A\$284m, down from A\$306m previously. At the pre-abnormal level, this translated into earnings per share of nine cents, unchanged from a year ago. Mr Murdoch had already warned that first-quarter figures would fall short of the 20 per cent profits increase News was hoping to post for 1996-97. The company also said yesterday's results showed a seven per cent improvement in US dollar terms, but that the strengthening Australian dollar had masked this gain.

ASIA-PACIFIC NEWS DIGEST

Chiyoda president to retire early

The president of Chiyoda, one of Japan's largest industrial plant engineering companies, is being forced to resign earlier than expected because of the company's poor performance this year. Mr Masaaki Kashiwara will resign on December 1 to take responsibility for the company's poor results. Chiyoda said in an unusually straightforward admission, Mr Masato Kitagawa, vice-president, will replace him.

Thai satellite launch delayed

Shinawatra Satellite, Thailand's only private satellite operator, said it would delay the launch of its Thaicom 3 satellite for two months until February 1997. A move that analysts said could lower 1997 profits by as much as 28 per cent. The company said the delay was needed to give the satellite's manufacturer, Aerospatiale of France, time to improve the transmission power.

Mayne 'pursuing' Optus issue

Mayne Nickless, the Australian transportation, security and healthcare group, told shareholders it was still "vigorously pursuing" strategies which might allow a floatation of the Optus Communications group to go ahead in 1996. Mayne holds a 25 per cent interest in Optus, which it had planned to sell as part of the floatation scheme.

Prime TV buys Golden West

Prima Television, the largest regional TV operator in Australia, is to buy the Golden West network, in Western Australia from Mr Kerry Stokes, the Perth-based businessman who is also the chairman and largest shareholder in the national Seven Network.

Notice of Early Redemption BRADFORD & BINGLEY £22,000,000 Floating Rate Subordinated Notes 2005 (the "Notes")

LEGAL NOTICES HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT MR REGISTRAR

Various advertisements including Allied Domecq, Marlboro, and legal notices.

COMPANIES AND FINANCE: UK

Group pledges 'sustained earnings growth' after decline

Allied Domecq rejects demerger

By Roderick Oram, Consumer Industries Editor
Sir Christopher Hogg pledged 'sustained earnings growth' for Allied Domecq yesterday as he rejected the demerger of the alcoholic drinks and retailing group...

Management had also set themselves ambitious targets which met with some City scepticism. In the US, for example, it is planning on retail sales volume growth of about 10 per cent for its main brands...

RESULTS

Table with 6 columns: Company, Revenue, Profit, EPS, Dividends, Total for year. Lists companies like Allied Domecq, Business Post, etc.

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *Cooperatives pro forma. †After exceptional charge. ‡For 18 months.

Dominion meets East Mids for bid discussions

By Jane Martinson
Deal below 700p. Dominion Resources met East Midlands Electricity for the first time last night to discuss the US utility's possible £1.2bn-plus bid for the UK regional electricity company...

LEX COMMENT

Allied Domecq

Allied Domecq's decision not to break itself up was greeted with dismay by investors, but it looks the right option for the moment. Demerger costs would have run into hundreds of millions...

Four building societies warn of float delays

By Christopher Brown-Humes
The Alliance & Leicester, Woolwich and Northern Rock say they are mainly concerned by proposed legislation on building societies. Although a Building Societies Bill was dropped from the government's programme last month...

Macfarlane issues profits warning

By James Buxton, Scottish Correspondent
Macfarlane Group, the Glasgow-based packaging group, yesterday warned that this year's pre-tax profit would be 'modestly below' last year...

Clubhaus purchase completes first nine

By Patrick Harverson
Clubhaus is increasing the stable of golf courses it owns and operates from seven to nine with the £12.6m acquisition of Golf Fund, which owns The Warwickshire at Leek Wootton and Seedy Mill at Lichfield...

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Hiyoda president to retire early
Satellite launch
pursuing Opt...

COMPANIES AND FINANCE: UK

Managers culled at Varsity

By Tim Burt
LucasVarsity, the motor components and aerospace group, confirmed yesterday that a third of its senior management would be leaving following this year's \$3.2bn (\$5.21bn) merger of Lucas Industries and Varsity Corporation of the US.

Saudi orders help Vosper to 11% rise

By Tim Burt
Vosper Thornycroft Holdings, the warship builder, yesterday announced an 11 per cent rise in first half profits following increased payments on export contracts and improved contributions from non-shipbuilding activities.

That growth was augmented by increased profits of £2.37m (£1.89m) from the so-called developing businesses, including facilities management projects such as its five-year contract to run GCHQ, the government intelligence centre.

Prudential to target China with \$1bn fund

By Sophie Roell in Beijing and Christopher Brown-Humes in London
Prudential, the UK life insurer, plans to set up a \$1bn direct investment fund targeting Asian emerging markets.

Prudential already has some \$1.8bn invested in the Asia-Pacific region, mainly in listed stocks, bonds and property. However, Mr Davis said that after two years of market research, it had been decided to move into direct investment and providing development capital.

Eurocamp to rebuild margins

By David Blackwell
Eurocamp is not expecting a strong recovery in the number of UK campers going to France after last year's fall of 25 per cent.

French franc had weakened over the past couple of months, customer perceptions of France as a holiday destination had not yet changed.

NEWS DIGEST

LLG NKr8.15m broker purchase

Lowndes Lambert Group, the insurance broker, has bought Norwegian broker Nor-Risk for NKr8.15m (\$1.3m).

Inchcape deal is completed

Inchcape, the international distribution group, has completed the sale of Inchcape Testing Services to Charterhouse Development Capital for £380m (\$620m).

Airtours in US joint venture

Airtours, the UK's second largest tour operator, has entered a 50/50 joint venture with property developer Emerson Holdings to develop a timeshare resort in Orlando, Florida.



Hiding, deep within Hewlett-Packard is one impressive creature: The Quantum Bigfoot™ drive. It's the first of a number of hard disk drives, running inside the family of HP Pavilion home PCs.

drive packs 2.5 Gigs into a slim 5/4" design. Or to put it another way, it has 90% more capacity than



1978 Bear Valley, California

any 3 1/2" drive with the same number of heads. (Now there's something difficult to find.) But that's just one reason Hewlett-Packard turned to Quantum for high capacity drives.

capacity for the most competitive price. Being more affordable than comparable 3 1/2" drives. But Bigfoot gave them even more: Enhanced sequential throughput and optimized CD caching. And since the HP Pavilion systems are so multimedia driven, they needed a drive



1996 HP Headquarters Santa Clara, California

that handles the demands of extensive imaging plus downloading files from the Internet. In other words, Bigfoot's got the muscle to handle the big jobs.

Quantum CAPACITY FOR THE EXTRAORDINARY™

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Training and speech writing by
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CONTRACTS & TENDERS
NOTICE OF AUCTION
Barristers for the 1996-97 Financial Year
Court of Appeal for 1996-97

PHARMACEUTICAL BUSINESS NEWS
The twice-monthly international update on the pharmaceutical industry
Published every two weeks, Pharmaceutical Business News brings you up-to-date news, quantitative analysis, forecasts and inside information on new product introductions and joint venture agreements.

CURRENCIES AND MONEY

Dollar gains thanks to Bundesbank comments

MARKETS REPORT

By Simon Kuper

The dollar rose in London trading yesterday after two leading Bundesbank figures said the D-Mark had appreciated too far against the US currency.

However, the main excitement came after the London close, when Mr Hans Tietmeyer, the Bundesbank president, backed his colleagues' comments.

against the D-Mark at DM2.469.

The Bundesbank appears to want a weaker D-Mark. Mr Tietmeyer, Mr Edgar Malster, the Bundesbank director, and Mr Hans-Jürgen Krupp, one of the bank's council members, yesterday made comments apparently designed to achieve this.

On Monday the D-Mark had strengthened to below DM1.50 against the dollar for the first time in two months. Yesterday Mr Krupp was quoted as saying that a stronger dollar might seem more appropriate, while Mr Malster said a D-Mark rate below DM1.50 to the dollar was "not appropriate".

The market took these comments with some relief, since both men are thought to be dovish on the D-Mark, and neither is considered a Bundesbank heavyweight.

But their intent was plain. "The verbal offensive to push dollar/D-Mark back through DM1.500 is clear."

Mr Gerard Lyons, chief economist at DKB International in London, added: "This reflects the Bundesbank's feeling that the German economy is not as strong as the market has been thinking."

After the London close, Mr Tietmeyer gave a speech to bankers about European monetary union in which he did not mention the dollar. But in answer to reporters' questions, he backed Mr Krupp's and Mr Malster's

comments, and the D-Mark fell sharply.

Currency strategists said Bundesbank attempts to talk down the D-Mark could soon cease to have an effect, unless the bank intervened in the foreign exchange market.

Now the markets are waiting for further signs of whether Tokyo and Washington have indeed changed their policy - and if so, how marked the change is. One leading currency analyst said yesterday: "It's a small policy change." None of the G3 countries wanted the yen to fall further, he said, but neither did any want it to rise sharply.

Washington has stayed silent so far. But Mr Klaus Beader, senior currency economist at Deutsche Morgan Grenfell in London, said the US Administration had signalled a policy shift in its report of yesterday's telephone conversation between Mr Robert Rubin, the US treasury secretary, and Mr Hiroshi Mitsunaka, the Japanese finance minister. It was a case of the dog that did not bark: the US treasury department said the team did not discuss foreign exchange.

Mr Beader said that Mr Rubin's "telling silence" showed that the treasury secretary - hitherto a supporter of the strong dollar - now backed Mr Sakakibara's comments favouring a stronger yen.

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DOLLAR SPOT FORWARD AGAINST THE POUND

Table with columns: Nov 12, Closing mid-point, Change, Bid/offer spread, Days' bid, One month, Three months, One year, Bank of England rate, %PA, Index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Nov 12, Closing mid-point, Change, Bid/offer spread, Days' bid, One month, Three months, One year, JP Morgan rate, %PA, Index.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Nov 12, Closing mid-point, Change, Bid/offer spread, Days' bid, One month, Three months, One year, Bank of England rate, %PA, Index.

CROSS RATES AND DERIVATIVES

Table with columns: Nov 12, Bid, Offer, Change, High, Low, Est. vol, Open Int.

UK INTEREST RATES

Table with columns: Nov 12, Over-night, 7 days, One month, Three months, Six months, One year.

BASE LENDING RATES

Table with columns: Bank Name, Rate, %.

WORLD INTEREST RATES

Table with columns: MONEY RATES, Nov 12, Over-night, One month, Three months, Six months, One year, Libor, Dk, Repo rate.

EURO CURRENCY INTEREST RATES

Table with columns: Nov 12, Short term, 7 days, One month, Three months, Six months, One year.

EXCHANGE CROSS RATES

Table with columns: Nov 12, Bid, Offer, Change, High, Low, Est. vol, Open Int.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Nov 12, Bid, Offer, Change, High, Low, Est. vol, Open Int.

Coutts & Co Notice of Interest Rates for Businesses, Charities and Societies effective from 13th November, 1996.

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ITALIAN STOCK EXCHANGE WELCOME to the Web site of the Italian financial market http://www.borsaitalia.it

COMMODITIES AND AGRICULTURE

Chinese group signs 30-year alumina deal

By Nikki Tait in Sydney and Kenneth Gooding in London

China's biggest aluminium producer has signed a unique, 30-year supply contract and is to pay \$240m in advance for raw material from Alcoa World Alumina and Chemicals...

The deal, announced yesterday, will entitle China National Nonferrous Metals Industry Corporation to take 400,000 tonnes of alumina - an essential raw material in aluminium production - each year.

CNNC will pay on a per tonne basis as well as providing cash up-front. Mr Nicholas Curtis, chief executive of Sino Mining Alumina, the CNNC subsidiary that has signed the deal, said China had been a major importer of aluminium...

Russian destocking hits metals market

By Kenneth Gooding, Mining Correspondent

Russia is continuing to dig into its stockpiles of platinum and palladium and this will continue to keep prices at relatively low levels, according to a report published yesterday by Johnson Matthey, the world's marketing organisation for platinum group metals.

Johnson Matthey has lowered its price forecasts and suggested in its interim market review that platinum will range between \$370 and \$400 a troy ounce during the next six months. It sees palladium prices ranging between \$105 and \$135 an ounce during that time.

Sales of platinum to the west by Russia are predicted to fall from 1.25m to 1.1m ounces this year and exports of palladium from 4.2m to 3.6m ounces. This implies Russia's revenue from platinum group metals will drop by at least \$50m from last year's \$1bn.

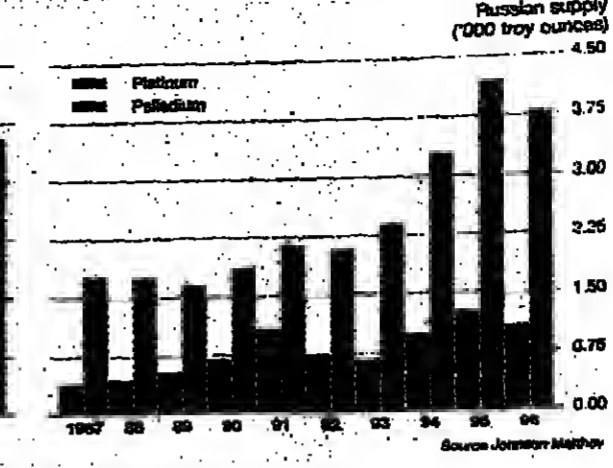
Platinum and palladium prices set to remain low



Western supply and demand for platinum (troy ounces) and palladium (troy ounces)

Russia has been taking full advantage of the global boom in sales of electronic equipment to gain extra foreign earnings. Platinum is used to make high quality glass for liquid crystal displays and cathode ray tubes for desk top monitors and personal computers, and increasingly to coat data storage discs.

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will remain virtually unchanged at 6.1m ounces while supplies will fall by 6 per cent to 5.98m ounces. It predicts platinum demand will fall by 0.6 per cent to 4.7m ounces this year and supply by 3 per cent to 4.55m ounces.

Platinum 1996: interim review. Johnson Matthey, 75 Hotten Garden, London EC1N 8P, UK. Free.

Work on gas link to Europe under way

By Robert Corzine

Work has begun on the British end of the UK-Continent interconnector, the £450m pipeline that will complete Europe's natural gas grid. Project officials said they were confident of meeting the October 1 1998 target date for the first exports of UK gas from Bacton on the Norfolk coast to Zeebrugge in Belgium.

"We are currently hanging on to the schedule," said Mr Tony McKwan, who will oversee the construction of the onshore elements of the 150 mile pipeline.

Completion of the line is expected to have a substantial impact on gas trading and prices in western Europe, as the UK currently has a surplus of gas which can be sent to the continent.

It will also enable London's International Petroleum Exchange to launch Europe's first true spot and futures market in natural gas. The interconnector, whose shareholders include nine large international oil and gas companies, has been designed to flow either way, so that eventually gas from Russia or other remote producers can be exported to the UK once output from the North Sea declines.

Oil price weakens ahead of data on stock levels

By Robert Corzine and Deborah Hargreaves

Petroleum Exchange expired off 50 cents at \$220 a tonne amid reports of healthier stock levels. The general market weakness also affected jet fuel. The copper market touched its highest level since early September but drifted back as some profit-taking emerged following the release of London Metal Exchange stock figures.

US lifts feedgrain harvest estimates

By Laurie Morse in Chicago

The US Department of Agriculture yesterday increased its estimate for this season's US feedgrains harvest. In its monthly crop report, the department said favourable autumn weather had produced near-record maize and soybean crops.

US lifts feedgrain harvest estimates

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COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE table with columns for metal type, price, and change.

Precious Metals continued table with columns for metal type, price, and change.

GRAINS AND OIL SEEDS table with columns for commodity, price, and change.

SOFTS table with columns for commodity, price, and change.

MEAT AND LIVESTOCK table with columns for commodity, price, and change.

LONDON TRADED OPTIONS table with columns for option type, price, and change.

JOTTER PAD and CROSSWORD puzzle with clues and a grid.

ENERGY

ENERGY table with columns for commodity, price, and change.

FUTURES DATA

FUTURES DATA table with columns for commodity, price, and change.

VOLUME DATA

VOLUME DATA table with columns for commodity, volume, and change.

INDICES

INDICES table with columns for index name, value, and change.

PRECIOUS METALS

PRECIOUS METALS table with columns for metal type, price, and change.

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Offshore Funds

OFFSHORE AND OVERSEAS

BERMUDA (SIS RECOGNISED)

Table listing Bermuda funds including Fidelity Corporate Funds Ltd, Fidelity Growth Funds Ltd, and Fidelity Income Funds Ltd.

BERMUDA (REGULATED)**

Table listing regulated Bermuda funds including Aberdeen Capital Management Ltd, Aberdeen Investment Management Ltd, and Aberdeen Structured Investments Ltd.

GUERNSEY (SIS RECOGNISED)

Table listing Guernsey funds including Aberdeen Capital Management Ltd, Aberdeen Investment Management Ltd, and Aberdeen Structured Investments Ltd.

GUERNSEY (REGULATED)**

Table listing regulated Guernsey funds including Aberdeen Capital Management Ltd, Aberdeen Investment Management Ltd, and Aberdeen Structured Investments Ltd.

Table listing Royal Bank of Canada funds including Royal Bank of Canada Intl Money Market Fd, Royal Bank of Canada Intl Bond Fd, and Royal Bank of Canada Intl Equity Fd.

IRELAND (SIS RECOGNISED)

Table listing Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

GUERNSEY (REGULATED)**

Table listing regulated Guernsey funds including Aberdeen Capital Management Ltd, Aberdeen Investment Management Ltd, and Aberdeen Structured Investments Ltd.

Table listing LST Asset Management Ltd funds including LST Global Bond, LST Global Equity, and LST Global Income.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

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Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

Table listing Thru (Ireland) Ltd funds including Thru Global Bond, Thru Global Equity, and Thru Global Income.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

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Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

Table listing Global Resources Stock Fund, Global Resources Bond Fund, and Global Resources Income Fund.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

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Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

Table listing Thru (Ireland) Ltd funds including Thru Global Bond, Thru Global Equity, and Thru Global Income.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

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Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including ABF Asset Management Ltd, ABF International Fund, and ABF Growth Fund.

Table listing Solingen Investment Mgmt (Ireland) Ltd funds including Solingen Global Bond, Solingen Global Equity, and Solingen Global Income.

ISLE OF MAN (SIS RECOGNISED)

Table listing Isle of Man funds including AXA Equity & Bond, AXA Global Equity, and AXA Global Income.

ISLE OF MAN (REGULATED)**

Table listing regulated Isle of Man funds including AXA Equity & Bond, AXA Global Equity, and AXA Global Income.

ISLE OF MAN (REGULATED)**

Table listing regulated Isle of Man funds including AXA Equity & Bond, AXA Global Equity, and AXA Global Income.

Table listing Jersey funds including Jersey Global Bond, Jersey Global Equity, and Jersey Global Income.

JERSEY (SIS RECOGNISED)

Table listing Jersey funds including Jersey Global Bond, Jersey Global Equity, and Jersey Global Income.

JERSEY (REGULATED)**

Table listing regulated Jersey funds including Jersey Global Bond, Jersey Global Equity, and Jersey Global Income.

JERSEY (REGULATED)**

Table listing regulated Jersey funds including Jersey Global Bond, Jersey Global Equity, and Jersey Global Income.

MINI REUTERS MAXIMUM DATA advertisement featuring a hand holding a pen over a document with the text 'Introducing REUTERS, the revolutionary five dot screen from Reuters. Paper that delivers financial data, prices and news in your hand.' and 'mini REUTERS The five portable dot screen'.

CROSSWORD



Offshore Funds and Insurances

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LUXEMBOURG (SIB RECOGNISED)

Table listing various Luxembourg funds including categories like Luxembourg (SIB RECOGNISED), Luxembourg (SIB RECOGNISED), Luxembourg (SIB RECOGNISED), and Luxembourg (SIB RECOGNISED). Each entry includes fund name, ISIN, and price.

Table listing various Luxembourg funds including categories like Luxembourg (SIB RECOGNISED), Luxembourg (SIB RECOGNISED), Luxembourg (SIB RECOGNISED), and Luxembourg (SIB RECOGNISED). Each entry includes fund name, ISIN, and price.

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Table listing various Luxembourg funds including categories like Luxembourg (SIB RECOGNISED), Luxembourg (SIB RECOGNISED), Luxembourg (SIB RECOGNISED), and Luxembourg (SIB RECOGNISED). Each entry includes fund name, ISIN, and price.

OFFSHORE INSURANCES

Table listing various offshore insurance products including categories like Offshore Insurance, Offshore Insurance, Offshore Insurance, and Offshore Insurance. Each entry includes product name, company, and price.

LUXEMBOURG (REGULATED)

Table listing various Luxembourg funds under the 'LUXEMBOURG (REGULATED)' section, including fund names and prices.

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Offshore Insurances and Other Funds

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Main table listing various FT Managed Funds with columns for fund name, currency, and price. Includes sections for 'Other Offshore Funds' and 'Managed Funds Notes'.

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OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES. This section provides detailed information and disclaimers regarding the managed funds listed in the table.

BY TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts and their performance metrics.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts and their performance metrics.

INVESTMENT COMPANIES

Table listing investment companies and their performance metrics.

LEISURE & HOTELS

Table listing leisure and hotel companies and their performance metrics.

LIFE ASSURANCE

Table listing life assurance companies and their performance metrics.

MEDIA

Table listing media companies and their performance metrics.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies and their performance metrics.

OIL, INTEGRATED

Table listing integrated oil companies and their performance metrics.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging and printing companies and their performance metrics.

PHARMACEUTICALS

Table listing pharmaceutical companies and their performance metrics.

PROPERTY

Table listing property companies and their performance metrics.

PROPERTY - Cont.

Table listing property companies (continued) and their performance metrics.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) and their performance metrics.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging and printing companies and their performance metrics.

RETAILERS, FOOD

Table listing food retailers and their performance metrics.

RETAILERS, FOOD - Cont.

Table listing food retailers (continued) and their performance metrics.

RETAILERS, GENERAL

Table listing general retailers and their performance metrics.

SUPPORT SERVICES

Table listing support services companies and their performance metrics.

PROPERTY - Cont.

Table listing property companies (continued) and their performance metrics.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) and their performance metrics.

RETAILERS, FOOD

Table listing food retailers and their performance metrics.

TELECOMMUNICATIONS

Table listing telecommunications companies and their performance metrics.

TEXTILES & APPAREL

Table listing textiles and apparel companies and their performance metrics.

TOBACCO

Table listing tobacco companies and their performance metrics.

TRANSPORT

Table listing transport companies and their performance metrics.

WATER

Table listing water companies and their performance metrics.

AIM

Table listing companies on the Alternative Investment Market (AIM) and their performance metrics.

AIM - Cont.

Table listing AIM companies (continued) and their performance metrics.

AMERICANS

Table listing American companies and their performance metrics.

CANADIANS

Table listing Canadian companies and their performance metrics.

SOUTH AFRICANS

Table listing South African companies and their performance metrics.

GUIDE TO LONDON SHARE SERVICE

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LONDON STOCK EXCHANGE

Gilts strength improves sentiment in equities

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

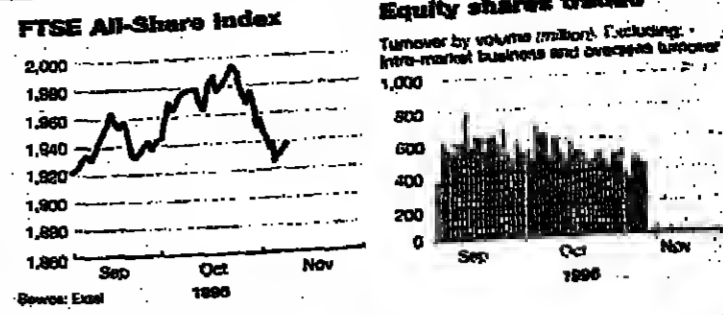
A much better feeling permeated the London stock market yesterday, with equities quietly building on the recovery over the previous two trading sessions.

hit yet another intraday record after a rather indifferent opening, there were few alarms for UK stocks.

The only problem for London, according to dealers, was the lack of a really bullish domestic story.

marketmaker. Another said the mood among fund managers had improved after the recent shake-out and a move back towards 4,000 could be imminent.

News that the Nationwide Building Society had hoisted its lending rates by 0.25 per cent was interpreted as signalling the end of the mortgage price war between the building societies and publicly quoted lenders such as Abbey National and Lloyds TSB.



Equity shares traded. Turnover by volume (million). Excluding inter-market business and overseas brokers. Table with columns for Index, Open, High, Low, Close, Change.

Mortgage boost for BoS

By Peter John and Joel Kibazo

Prospects of an end to the mortgage price war, combined with a recommendation from Goldman Sachs, helped Bank of Scotland yesterday.

market yesterday as favourable retail sales data and a broker upgrade drove the stock forward.

in line with the consensus forecast and down 11 per cent to £31m. However, the weakness masked a 23 per cent year-on-year rise in third-quarter operating profits to £117m, helped by a sharp increase in sales of personal pensions.

files in the face of the current pressure in the US on tobacco stocks.

century. The report warned that expanding smelter capacity was likely to push up stocks and hit prices.

expectations. A profits warning from Macfarlane, the paper and packaging group, sent the shares down 28 1/2 to 169p.

Wine bar chain Yates Brothers was heavily traded as Penmore Gordon placed almost 2m shares at 380p each to raise £7.5m for the company. The cash will be used for expansion.

Hard-pressed lenders would have been relieved by news that the Nationwide Building Society was increasing its mortgage rate by 25 basis points to 6.74 per cent.

Colleges Retirement Equities Fund rejected a resolution urging it to sell any holdings connected to the tobacco industry. The move

in the US - rose 6 to 426p. The shares were partly helped by the recent consolidation news within the insurance industry.

Hotels and gaming company Ladbroke Group firm 2 to 196p. Kleinwort Benson reiterated its position on the stock.

Oil group British Borneo slid 18 1/2 to 612 1/2 after what one marketmaker described as "a badly handled selling order".

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Also, Goldman Sachs highlighted the potential of Bank of Scotland's new 0 per cent mortgage, designed to allow the elderly to take advantage of the capital tied up in their homes.

Takeover tension returned to the UK insurance sector on the back of news that Axa of France was making a £114.60 per share offer for UAP.

Consequently, General Accident was one of the main beneficiaries yesterday. The shares moved 1 1/2 higher to 718 1/2p even though the group announced profits

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FT 30 INDEX table with columns for Date, High, Low, and various performance metrics.

FT 30 hourly changes table with columns for Time, High, Low, and various performance metrics.

FTSE Actuarial Share Indices table with columns for Index, High, Low, and various performance metrics.

FTSE Actuarial Industry Sectors table with columns for Sector, High, Low, and various performance metrics.

FTSE Actuarial Non-Financial Sectors table with columns for Sector, High, Low, and various performance metrics.

FTSE Actuarial Investment Trusts table with columns for Trust, High, Low, and various performance metrics.

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FT GOLD MINES INDEX table with columns for Index, High, Low, and various performance metrics.

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WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

Table of stock market data for various regions including Europe (Australia, Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, USA, West Germany, Yugoslavia, Zaire), Asia (Hong Kong, India, Indonesia, Malaysia, New Zealand, Singapore, South Africa, South Korea, Taiwan, Thailand, UK, USA, West Germany, Yugoslavia, Zaire), and Africa (South Africa).

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Table of stock market data for Europe (continued), listing various countries and their respective stock indices and prices.

Table of stock market data for Asia (continued), listing various countries and their respective stock indices and prices.

Table of stock market data for Africa (continued), listing various countries and their respective stock indices and prices.

Table of stock market data for South America (continued), listing various countries and their respective stock indices and prices.

Table of stock market data for Oceania (continued), listing various countries and their respective stock indices and prices.

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Table of stock market data for Asia (continued), listing various countries and their respective stock indices and prices.

Table of stock market data for Africa (continued), listing various countries and their respective stock indices and prices.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'NEW YORK STOCK EXCHANGE PRICES', 'NASDAQ LISTED STOCKS', and 'NASDAQ LISTED STOCKS'.

Market Dynamics... If the business decisions are yours, the computer system should be ours. hp.com/comp/ computing HEWLETT PACKARD

Continued on next page

4 pm close November 12

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page' and 'AMX PRICES'.

Table of NYSE stock prices, continuing from the previous section with various stock listings and their market data.

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NASDAQ NATIONAL MARKET

4 pm close November 12

Table of NASDAQ stock prices including columns for stock name, price, change, and volume.

Table of NASDAQ stock prices, continuing from the previous section with various stock listings and their market data.

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AMX PRICES

Table of AMX stock prices including columns for stock name, price, change, and volume.

Table of AMX stock prices, continuing from the previous section with various stock listings and their market data.

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Table of NASDAQ stock prices, continuing from the previous section with various stock listings and their market data.

Technology boost for US shares

US shares continued on their record-breaking way as signs of strength in the semiconductor industry helped lift the technology-rich Nasdaq composite initially.

Westinghouse added \$1, or 6 per cent, at \$21.44, or 6 per cent, at \$21.44, or 6 per cent, at \$21.44.

Shares in Marvel Entertainment Group slid \$2, or 43 per cent, to \$20.90, as the company announced that it expected sharp losses in the fourth quarter and that it was running out of cash.

Several retailers moved on earnings reports. Wal-Mart, the largest retailer in the US, fell 1.2%.

A number of European bourses resumed their record-setting ways yesterday. And in PARIS news of the big insurance deal between Axa and UAP pushed the market smartly ahead and sparked plenty of action elsewhere in the financial sectors.

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With volume in the car parts group boosted by block trades to 2.3m. Motor stocks were strong. Peugeot added FF11 to FF75.78 on a 7 per cent rise for nine-month sales.

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Italian telecoms. Shares prices relative to the Comit index. The all-share index closed 1.23 higher at 829.39, with banks supported by hopes that the central bank would soon cut its key rates.

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Seoul up 3.2% in largest one-day rise this year

News Corporation. Shares prices and index rebounded. Seoul jumped 3.2 per cent, its largest one-day rise this year, on the strength of lingering talk about government action to spur the market and the view that prices had bottomed.

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Buenos Aires ahead

Buenos Aires made further solid progress, ending the morning session with a gain of 1.4 per cent. Dealers said that the continued slide in US long bond yields had bolstered sentiment.

S Africa halts tumble

Shares in Johannesburg ended a nine-session downside run thanks to a better day for the rand and what brokers described as good support from the futures market.

ASIA PACIFIC

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EUROPE

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FTSE Actuaries Share Indices

Table with columns for Nov 12, Nov 11, Nov 10, Nov 9, Nov 8, Nov 7, Nov 6, Nov 5, Nov 4, Nov 3, Nov 2, Nov 1. Rows include FTSE Actuaries 100, FTSE Actuaries 200, FTSE Actuaries 300, FTSE Actuaries 400, FTSE Actuaries 500, FTSE Actuaries 600, FTSE Actuaries 700, FTSE Actuaries 800, FTSE Actuaries 900, FTSE Actuaries 1000.

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